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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

September 24, 2013

Ben Ruesch
Sanders Ruesch and Reeve PLLC
55 South 300 West, Suite 1
Hurricane, Utah 84737

Subject: Extension of Division Directive 5469, JG Resources LLC, Etna Mine, S/021/0009, Iron County, Utah

Dear Mr. Ruesch:

On September 16, 2013, the Division of Oil, Gas received a request to extend until October 16, 2013, the deadline for reclaiming the Etna mine. The Division approves this request.

It appears this site has not been disturbed by JG Resources. As far as the Division has been able to ascertain, the mining related disturbances at the site are historic and pre-date the Utah Mined Land Reclamation Act. Most of the site was reclaimed by the Abandoned Mine Land Reclamation program, so it appears there is no reclamation work your client needs to do at his time.

If the Division were to close the file, the reclamation surety, with interest, would be returned to JG Resources. If JG Resources decides at some time in the future to mine, they would be able to re-submit the Notice of Intention to Commence Small Mining Operations and associated reclamation surety.

The Division understands from the Trust Lands Administration that the lease for this project expires in 2018 and that the lease will remain valid as long as minimum lease payments are made. Closing the Division's file would not affect the lease with Trust Lands though Trust Lands has indicated the lease would likely not be renewed in 2018 if there is no valid permit with the Division.

The principal amount in the reclamation surety the Division currently holds is \$21,900.00, and the total amount needed for the surety is \$32,200.00 for a three-year escalation (surety amount next evaluated in 2016) or \$32,900.00 for a five-year escalation. This would be an increase of \$10,300.00 or \$11,000. The surety calculation is shown below.

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Small Mine Operation Bond Calculation Worksheet

3-year escalation (2016)

Item	Qty	Unit Cost	Total Cost
1st Acre Disturbance	1	\$9,400.00	\$9,400.00
Add'l Acres Disturbance	4	\$5,200.00	\$20,800.00
Portal/Shaft Closure	1	\$2,000.00	\$2,000.00
TOTAL			\$32,200.00

5-year escalation (2018)

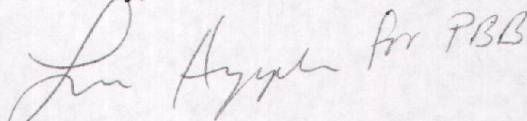
1st Acre Disturbance	1	\$9,700.00	\$9,700.00
Add'l Acres Disturbance	4	\$5,300.00	\$21,200.00
Portal/Shaft Closure	1	\$2,000.00	\$2,000.00
TOTAL			\$32,900.00

Notes:

Proposed disturbance is 5 acres.
One portal to be closed.

Please consider these alternatives with your client and inform the Division by October 16th, if you desire to take one of these actions or if there is another option you would like to pursue. Please contact Lynn Kunzler at 801-538-5310 or me at 801-538-5261 if you have questions about this letter. We can also be reached by e mail at lynnkunzler@utah.gov or paulbaker@utah.gov. Thank you for your cooperation.

Sincerely,



Paul Baker
Minerals Program Manager

PBB: cb

cc: Jerry Glazier, JG Resources
Jerry Mansfield, SITLA (jmansfield@utah.gov)

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